

## **ASSESSMENT OF THE PERSONAL PROPERTY OF MILITARY PERSONNEL**

The assessment and taxation of non-business personal property of military personnel (called “Servicemembers” by the federal statute) is unique and a common source of confusion. The information below attempts to clarify the process. Note that this applies only to personal property such as cars and boats and not to real estate and not to personal property used in a business.

The federal Servicemembers Civil Relief Act (formerly Soldiers and Sailors Relief Act of 1940) and decisions interpreting it have held that military personnel shall not lose their residence or domicile in their home state solely by reason of being absent in compliance with military orders. Further, it does not relieve service people stationed away from home from being taxed in their state and county of domicile. The original intent of this act was to prevent states where a military service member is stationed from gouging the service member through taxation.

The effect of the Act is to treat military personnel as though they have never left their home state and county. Consequently, assessors must treat the tangible personal property of Missouri military personnel stationed in other states the same as if the taxpayer (and his/her property) were still present in the county. Conversely, the non-business personal property of any military personnel residing in a Missouri county under military orders is not taxable in Missouri.

So, if you are in the military and your home of record is Missouri, the law treats you as if you and your property are in Missouri—regardless of where you actually are stationed or where your property is. By the same token, and this was the original point of the Act, the law does not allow the states where you are stationed to tax your personal property.

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# Servicemembers Civil Relief Act

50 App. U.S.C.A. § 571

Formerly cited as 50 App. USCA § 574

## ➡ § 571. Residence for tax purposes

### (a) Residence or domicile

A servicemember shall neither lose nor acquire a residence or domicile for purposes of taxation with respect to the person, personal property, or income of the servicemember by reason of being absent or present in any tax jurisdiction of the United States solely in compliance with military orders.

### (b) Military service compensation

Compensation of a servicemember for military service shall not be deemed to be income for services performed or from sources within a tax jurisdiction of the United States if the servicemember is not a resident or domiciliary of the jurisdiction in which the servicemember is serving in compliance with military orders.

### (c) Personal property

#### (1) Relief from personal **property taxes**

The personal property of a servicemember shall not be deemed to be located or present in, or to have a situs for taxation in, the tax jurisdiction in which the servicemember is serving in compliance with military orders.

#### (2) Exception for property within member's domicile or residence

This subsection applies to personal property or its use within any tax jurisdiction other than the servicemember's domicile or residence.

#### (3) Exception for property used in trade or business

This section does not prevent taxation by a tax jurisdiction with respect to personal property used in or arising from a trade or business, if it has jurisdiction.

#### (4) Relationship to law of State of domicile

Eligibility for relief from personal **property taxes** under this subsection is not contingent on whether or not such taxes are paid to the State of domicile.

### (d) Increase of tax liability

A tax jurisdiction may not use the military compensation of a nonresident servicemember to increase the tax liability imposed on other income earned by the nonresident servicemember or spouse subject to tax by the jurisdiction.

### (e) Federal Indian reservations

An Indian servicemember whose legal residence or domicile is a Federal Indian reservation shall be taxed by the laws applicable to Federal Indian reservations and not the State where the reservation is located.

### (f) Definitions

For purposes of this section:

#### (1) Personal property

The term "personal property" means intangible and tangible property (including motor vehicles).

#### (2) Taxation

The term "taxation" includes licenses, fees, or excises imposed with respect to motor vehicles and their use, if the license, fee, or excise is paid by the servicemember in the servicemember's State of domicile or residence.

#### (3) Tax jurisdiction

The term "tax jurisdiction" means a State or a political subdivision of a State.